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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
Dairy and Poultry Market News Service

"Prices" and "Quotations" for Poultry and Poultry Products

The Market News Service gathers and disseminates current prices and supply and demand information. Every effort is directed toward furnishing accurate information which will be most useful to all persons, interested in some phase of production, processing, distribution and consumption of products covered.

For many years price reporting was restricted largely to terminal markets and wholesale prices. The supposition was that producers and country buyers and shippers could discount the reported price to determine country values. Likewise, jobbers and retailers would add cost and profit margins to determine values at these distributive levels. Due to changes in marketing practices the terminal markets have lost much of their once dominant position in the price making picture. As they declined in significance the prices "at farm", at "country processing plants", and "prices to retailers", and even "retail prices" have been gaining rapidly in use by those in industry in planning and in making marketing decisions.

The Dairy and Poultry Market News Branch has recognized the need for more and more price information at these various levels. In cooperation with the States much progress has been made in that direction. Daily "at farm" prices on poultry are available in all the major producing areas. This service is being extended to the lesser important areas. Egg prices "at farm" are likewise being made available in a number of States on a "State-wide" or "area" basis. Tentative plans have been made to extend the coverage to those levels of trading nearer the producer and the consumer as funds and personnel are made available. Market news is changing rapidly to keep up with one of the most progressive industries in agriculture.

There are two major uses made of current market prices. One is as a guide in making marketing decisions. The other is to use them as "base" prices. Producers, handlers, distributors and others are making use of current prices in determining when, where and how to buy or sell. The current price reports provide information by which they can measure the accuracy of their decisions. By experience those who use prices intelligently may become more and more adept in the field of planning and management.

Those who use price information only as a settling basis for current purchases or sales or for contracting for future deliveries miss the real purpose of price reporting. By their actions they encourage "price making" or "fixing". To them the reported price is a convenient figure to use in billing customers. In turn they are content to be billed on that basis by those with whom they do business. Such persons give little thought to other values to be gained from current price information. This type of trader takes no part in the establishment of values and in a sense takes a free ride on the efforts of his competitors who do take an active part in price determinations.

Those who use prices in making marketing decisions, have need for a full range description of what takes place currently on the market. They need to know the high and the low prices, and they need all the information that can be made available on the volume of sales at each of the various prices included within the range. The individuals working competitively determine market values. It is to this element of the trade that information furnished by the Department is of most value. It is from these individuals that the market reporter obtains price information which makes up the current report. As to the person who uses the reported price as a base, there is no point in a reporter contacting him for information because such a dealer normally does not know what his prices are until after the market report is released. Furthermore, the dealer using reported prices as a base is critical of and strongly opposed to a report of price ranges. It requires him to do some bargaining to determine what the settlement price within the range is to be. For "base" price purposes a price range is inconvenient and difficult to use. All that is desired is a single price which bears a fairly constant relationship to the full range of values.

Unfortunately, it is impossible to satisfy both of the above groups of users with the same method of price reporting. However, an attempt to do this is being made by some commercial agencies. They report a single price or very narrow price range and indicate premiums of varying amounts paid above the base price. On the other hand, a price range reported by the Federal service includes all actual sales for a given class or grade at given trading levels on the same type of transaction. Market reporters employed under the technical supervision of the Federal Government can not disregard prices which are known to represent bona fide transactions. If and when buyers or sellers are known to have paid more or less, or to have sold for more or less than previously reported prices, those changes are recognized in reporting the current market. For obvious reasons, discretion must be used by reporters in cases where prices appear to be out-of-line, and he must determine whether they apply to off-grade products, unreasonably small quantities, products with unsound packaging, or are merely misrepresentation by those furnishing him the information.

Under Federal supervision price ranges are reported when goods of a given grade or class sell at more than one price. Conditions normally prevailing justify such procedure. The reporting of price ranges when applicable gives a complete picture of a current price situation; it avoids criticism that published prices are not complete or accurate, and it avoids putting a reporter in the position of "making the market", i.e., reporting a price which would be useful primarily for the purpose of providing a settlement basis between buyer and seller.

A brief illustration of the two reporting methods, i.e., "Commercial" and "Federal" is as follows: On a given day the following sales and

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price information is available to reporters. On the Exchange there are for a certain grade and class of product:

4 early sales totaling 200 packages at 45¢
2 final sales totaling 100 packages at $45\frac{1}{2}$ ¢

On the street there are:

15 sales totaling 2000 packages at 46¢
15 sales totaling 2000 packages at $46\frac{1}{2}$ ¢
12 sales totaling 1750 packages at 47¢
10 sales totaling 1500 packages at $47\frac{1}{2}$ ¢

In accordance with normal procedure the commercial report would most likely read $45\frac{1}{2}$ ¢ or possibly 45½-46¢ accompanied by a footnote to the effect that there were premiums of 1 to 2¢ for extra fancy marks.

The Federal report would read 45-47½¢ mostly 46-47½¢.

Since the "full range" policy followed by the Department is to reflect complete sales and actual prices, it is more properly referred to as "price reporting". On the other hand a price or narrow range of prices, frequently reflecting the last sale, offer or bid on an organized Exchange reported by a commercial reporting agency falls closely in line with the dictionary definition for a "quotation". In deference to the very nature of the information, the Department prefers that prices issued under its supervision be referred to as "prices" rather than "quotations". "Prices" as reported by the Department reflect actual sales and price information the reporter obtained from buyers and sellers and was able to verify to his satisfaction. It is his primary duty to report these prices as he finds them without bias, fear, or favor.





